

# COUNCIL OF INSTITUTIONAL INVESTORS

Via Hand Delivery

November 19, 2007

The Honorable Christopher Cox  
Chairman  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

*Re: Shareholder Proposals (File Number: S7-16-07) and Shareholder Proposals Relating to the Election of Directors (File Number: S7-17-07)*

Dear Mr. Chairman:

I am writing on behalf of the Council of Institutional Investors (“Council”), an association of more than 130 public, corporate and union pension funds with combined assets of over \$3 trillion. As a leading voice for long-term, patient capital, the Council strongly opposes the Securities and Exchange Commission (“Commission”) *taking any action* on the (1) proposed amendments to the rules under the Securities Exchange Act of 1934 (“1934 Act”) concerning shareowner resolutions and electronic shareowner communications, as well as to the disclosure requirements of Schedule 14A and Schedule 13G (“Long Proposal”); or (2) interpretive and proposing release to clarify the meaning of the exclusion for shareowner resolutions relating to the election of directors that is contained in Rule 14a-8(i)(8) under the 1934 Act (“Short Proposal”) (collectively, the “Proposals”).

The Council’s corporate governance policies have long stated that “shareowners should have . . . meaningful opportunities to suggest or nominate director candidates and to suggest processes and criteria for director selection and evaluation.” Unfortunately, far too many director elections remain a *fait accompli*, regardless of how troubled a company may be. As a result, the only way that individual director nominees may be effectively challenged at some companies is if a shareowner is willing and able to assume the risk and expense of nominating a slate of candidates and running a full-blown election contest. Such ventures are onerous and cost-prohibitive—even in today’s world of e-proxy.

The Council, therefore, supports reforms that would permit meaningful shareowner access to company-prepared proxy materials relating to the nomination and election of directors. We believe such reforms would make boards more responsive to shareowners, more thoughtful about whom they nominate to serve as directors and more vigilant in their oversight of companies.

Unfortunately, the Proposals fail to permit meaningful shareowner access and, therefore, should be rejected by the Commission. More specifically, the Short Proposal is a non-access proposal that would obliterate the current rights of shareowners to submit binding or non-binding access resolutions. No less flawed, the Long Proposal imposes such onerous requirements on proponents of shareowner resolutions—particularly in terms of ownership thresholds and disclosures—that few, if any, shareowners would ever again have the ability to exercise what we believe is a fundamental shareowner right.

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Notwithstanding our strong opposition to both Proposals, we stand ready to work cooperatively with the Commission to develop over the coming months meaningful proxy access reforms that best serve the needs of investors, companies, and the US capital markets.

Sincerely,



Jack Ehnes  
Chair

cc: Commissioner Paul S. Atkins  
Commissioner Kathleen L. Casey  
Commissioner Annette L. Nazareth  
Senator Christopher J. Dodd, Chairman, Committee on Banking, Housing, and Urban Affairs  
Senator Richard C. Shelby, Ranking Member, Committee on Banking, Housing, and Urban Affairs  
Senator Jack Reed, Chairman, Securities, Insurance and Investment Subcommittee of the Committee on Banking, Housing, and Urban Affairs  
Senator Wayne Allard, Ranking Member, Securities, Insurance and Investment Subcommittee of the Committee on Banking, Housing, and Urban Affairs  
Representative Barney Frank, Chairman, Committee on Financial Services  
Representative Spencer Bachus, Ranking Member, Committee on Financial Services  
Representative Paul E. Kanjorski, Chairman, Capital Markets, Insurance and Government Sponsored Enterprises Subcommittee of the Committee on Financial Services  
Representative Deborah D. Pryce, Ranking Member, Capital Markets, Insurance and Government Sponsored Enterprises Subcommittee of the Committee on Financial Services